

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

A1 Properties, LLC,
Appellant,

v.

Polk County Board of Review,
Appellee.

ORDER

Docket No. 14-77-0293
Parcel No. 010/02049-000-000

On December 19, 2014, the above-captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) (2013) and Iowa Administrative Code rules 701-71.21(1) et al. Appellant A1 Properties, LLC, was self-represented by owner Craig Anfinson. Assistant County Attorney Ralph E. Marasco, Jr. represented the Board of Review at hearing. The Appeal Board now, having examined the entire record, heard the testimony, and being fully advised, finds:

Findings of Fact

Craig Anfinson protested on behalf of A1 Properties, LLC, the owner of property located at 400 Kirkwood Avenue, Des Moines, Iowa. The real estate was classified residential on the January 1, 2014, assessment and valued at \$99,100 representing \$20,400 in land value and \$78,700 in improvement value. This was the same as the 2013 assessment. According to the record, the property is a split-foyer, duplex built in 1977 with 1008 square feet of living area, a full basement with 1008 square feet of living quality finish, and a 360 square-foot patio. The property is listed in normal condition with average quality construction grade (4+00). The site is 0.353-acres.

A1 protested the assessment to the Polk County Board of Review on the ground that the property is assessed for more than authorized by law, and that there has been a downward change in

value since the last reassessment under Iowa Code sections 441.35(2), 441.37(1)(a)(1)(b), and 441.37(1)(a)(2). The Board of Review denied the protest.

A1 then appealed to this Board requesting an assessment of \$81,000. When the assessor has not assessed or reassessed the property or corrected errors appearing in the listing of the property, the only ground upon which a protest can be filed in an interim year is the ground change in value pursuant to Iowa Code section 441.37(1)(a)(2). *See also Transform, Ltd. v. Assessor of Polk County*, 543 N.W.2d 614, 617 (Iowa 1996); *Eagle Food Centers, Inc. v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 862 (Iowa 1993). Because A1's 2014 assessment did not change from the 2013 value, we only consider the ground of change in value.

Craig Anfinson testified on behalf of A1 that the property was purchased in November 2013 for \$81,000. It was purchased from a trust and he believes it was a normal, arms-length transaction. Anfinson testified it was marketed by Iowa Realty from April to September 2013. The initial listing price of \$98,000 was periodically reduced. Anfinson indicated the property was only 50% occupied when it was purchased and at the time of assessment. The monthly rental income was \$525.

Anfinson reports the property is in need of new siding, roof, doors, and windows. He submitted pictures of the property's exterior demonstrating these areas of concern. Anfinson estimates the exterior repairs and replacements will cost \$15,000 to \$20,000, but did not submit any documented evidence to substantiate this opinion. We note the property record card indicates an exterior inspection of the property was completed in February 2014 in conjunction with the sale.

A1 listed the address and date of sale for five duplex sales with sale prices ranging from \$75,900 to \$85,000. He did not provide any detailed information about these properties. However, Amy Rasmussen, Director of Litigation with the Assessor's Office, testified on behalf of the Board of Review and provided additional information about these properties, as shown in the chart below. We note the only transaction with normal sale conditions was a ranch-style duplex. The only split-foyer

property was a HUD sale, which is not a reliable indication of value unless the sale price is adjusted to remove the distorting effects of a lender sale.

Address	Date of Sale	Sale Price	Design	Basement	Sale Conditions
Subject	Nov-13	\$ 81,000	Split-foyer	Finished	
310 E McKinley Ave	Feb-13	\$ 80,000	2-story	No Finish	Contract sale between family members
1914 King Ave	Dec-13	\$ 75,900	2-story	No Finish	Bank Sale
2701 SE 18th Ct	Oct-13	\$ 78,750	2-story	No Finish	Short Sale
1238 Evans	Feb-14	\$ 85,000	Split-foyer	Finished	HUD Sale
617 E McKinley Ave	Sep-14	\$ 85,000	Ranch	No Finish	Normal Sale

The Assessor's Office provided two normal, arms-length sales of split-foyer duplexes with finished basements that it considered comparable to the subject. The duplexes are similar in design, age, condition, basement finish, and in the same neighborhood as the subject property. We note that both the subject property's sale price per-square-foot and assessed value per-square-foot are lower than the duplexes identified.

Address	Date of Sale	Sale Price	TSFLA	Sale Price PSF	Assessed Value	AV PSF
Subject	Nov-13	\$ 81,000	1008	\$ 80.36	\$ 99,100	\$ 98.31
413 Loomis	Jun -12	\$ 101,000	1008	\$ 100.20	\$ 106,500	\$ 105.65
800 Broad St	Aug-13	\$ 109,500	884	\$ 123.87	\$ 106,500	\$ 120.48

Even assuming the January 1, 2014, value could be established by the November 2013 sale price, A1 did not establish the subject property's January 1, 2013, fair market value and both are necessary to show a change in value.

Conclusions of Law

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds

presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* Conversely, "in arriving at market value, sales prices of property in abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including . . . foreclosure or other forced sales." *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2).

In a non-reassessment or "interim" year, when the value of the property has not changed, a taxpayer may challenge its assessment on the basis that there has been a downward trend in value. *Eagle Food Ctrs., Inc. v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 862 (Iowa 1993). Iowa Code section 441.37(1)(a)(2) and its reference to section 441.35(2) give rise to the claim of downward trend in value. For a taxpayer to be successful in its claim of change in value, the taxpayer must show a change in value from one year to the next; the beginning and final valuation. *Equitable Life Ins. Co. of Iowa v. Bd. of Review of the City of Des Moines*, 252 N.W.2d 449, 450 (Iowa 1997). The assessed value cannot be used for this purpose. *Id.* Essentially, it is not enough for a taxpayer to

prove the last regular assessment was wrong; such a showing would be sufficient only in a year of regular assessment. *Id.* at 451.

A1 did not submit any evidence to establish the subject property's actual value on January 1, 2013, to demonstrate the property has suffered a downward change in value. On this basis alone, A1 did not sustain its burden of proof.

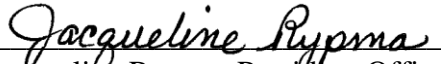
In addition, we conclude the evidence is also insufficient to show the property's value as of January 1, 2014. A1 asserts the property's fair market value is the purchase price of \$81,000. While the purchase price of the property may be an indication of market value, we do not find it alone is sufficient to conclusively determine the fair market value. *Riley v. Iowa City Bd. of Review*, 549 N.W.2d 289 (Iowa 1996). Further, the evidence shows the purchase was from a trust. Although a trust sale is not *per se* abnormal, considering the sales price in conjunction with the normal, arm's length duplex sales in the record, it appears the subject's purchase price was below its fair market value.

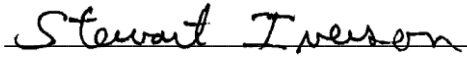
Lastly, while A1 submitted pictures of the property's exterior and argues its inferior condition warrants a reduction in the assessment; we do not find it adequately confirms the Assessor's condition rating of the property is incorrect.

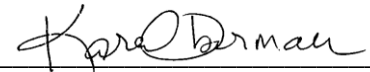
The evidence failed to show the January 1, 2013, and January 1, 2014, values and falls short of the proof necessary to establish the subject property suffered a downward change in value. We find a preponderance of the evidence does not prove there has been a change in the value of the subject property since the last reassessment.

THE APPEAL BOARD ORDERS the 2014 assessment of the property located at 400
Kirkwood Avenue, Des Moines, Iowa, is affirmed.

Dated this 10th day of February 2015.


Jacqueline Rypma, Presiding Officer


Stewart Iverson, Board Chair


Karen Oberman, Board Member

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